

## BRIEFS

## China fixes new zone for foreign investors

NANJING, June 7: Nanjing, one of China's first 14 open coastal cities in Jiangsu province, set aside recently a new zone to attract foreign investments for development purposes, reports Xinhua.

According to local officials, the new zone, covering an area of some 40 sq km is located in the Nantong economic and technological development zone and along the Yangtze river. So far, the number of foreign-funded enterprises in Nantong surpasses 200.

Since the central government announced its approval of the opening of the new Pudong area in neighboring Shanghai, the city has put forward a series of new measures to open itself wider to the outside world.

## Prices quadruple in Moscow

MOSCOW, June 7: Moscow shoppers found milk and bread prices quadrupled Saturday after city government lifted price controls on the low-cost staples Russians increasingly turned to when other food became too expensive, reports AP.

Milk and bread had been spared when the government lifted price controls on most goods Jan 2, which sent prices for other foodstuffs skyrocketing and forced changes in the Russian diet.

Commonwealth television said the prices rises only affected Moscow.

In a television interview Friday, Yevgeny Panteryev, a minister of the Moscow city council, said the government had to free prices because it was unable to continue the huge subsidies that kept milk and bread at artificially low prices.

## No paper to print money

ZAGREB, June 7: Yugoslavia's national bank could run out of paper to print its hyper-inflationary currency because of a world trade embargo, its Slovenian suppliers said on Friday.

But although dramatic, that could be one of the few effects that the sanctions on Serbia-Liechtenstein would have no trade links with Croatia and Slovenia as these are almost non-existent, economic experts in the two new states said.

Until sanctions were imposed against Serbia-Liechtenstein, a small Slovenian firm was supplying the Yugoslav national bank with paper for printing banknotes.

## Canada freezes Haitian assets

OTTAWA, June 7: Canada has ordered a freeze on Haitian assets under new legislation speeding adoption of economic sanctions against governments that violate human rights, reports Reuters.

"Canada is committed to making every effort to bring about the return of the constitutionally elected government of Haiti," Foreign Minister Barbara McDougall said in a statement released on Friday.

The freeze was ordered under the special economic measures act that went into effect on Thursday empowering the Canadian government to adopt sanctions without waiting for parliamentary approval.

## Indian dolphins face extinction

NEW DELHI, June 7: Indian fresh water dolphins, called Sonah in local parlance, face the danger of extinction, reports Xinhua.

The Times of India quoted a study report undertaken by a group of research scholars of Patna University as saying that more than 100 dolphins are killed every year in the eastern state Bihar stretch of the Ganga river alone as a result of both casual and deliberate catches.

Though the state government declared a stretch of 50 km from Sultanpur to Kahaigao as a dolphin sanctuary way back in 1990, no worthwhile effort has been made till date to devise ways an means to preserve this unique genetic mammal, the report said.

## Gold output of Russia to slump

MOSCOW, June 7: Russian gold production is expected to fall 30 per cent this year and another 50 per cent in 1993, the head of the country's gold industry was quoted as saying Saturday, reports Reuters.

The authoritative daily newspaper Izvestia said Valery Rudakov, head of the state gold and diamond company Rosalmozoloto, had confirmed the forecast by leading producers.

"The situation in this industry has acquired a catastrophic character," the paper said.

## BCCI creditors demand double the proposed compensation

LONDON, June 7: Creditors of the closed Bank of Credit and Commerce International (BCCI, CN) think its Abu Dhabi majority shareholders should put up nearly twice as much money to compensate them than so far on offer, a member of a British creditors' committee said on Saturday, reports Reuters.

Accountants Touche Ross as liquidators of the Bank of Credit and Commerce International go to the English High Court on Monday to seek approval for a plan to compensate thousands of people around the world who lost money when the bank was shut.

Acting on suspicion of huge fraud, regulators ended its operations in many countries last July 5.

But creditors are angry that they are being offered only 30

to 40 cent per dollar on their claims and expect to resist the liquidators in the hearing. They say they could get more if Abu Dhabi raised its cash contribution to a compensation fund.

A confidential report to creditors by London-based lawyers Norton Rose, made available to Reuters, says Abu Dhabi should inject 3.2 billion dollar instead of dollar 1.7 billion so far proposed.

Abu Dhabi has said it will not renegotiate arrangements which took six months to complete.

The majority shareholders, who include the ruler, Sheikh Zaid bin Sultan Al-Nahayan, say they sympathize with creditors but said in a statement that they were themselves "the largest victims... having lost billions in misappropriated funds."

The compensation plan has backing from Touche Ross, Abu Dhabi and the Bank of England — but seven of the eight members on the British Creditors Committee recommend rejecting it and cite the Norton Rose report.

Norton Rose was appointed last month after the High Court adjourned a hearing to approve the plan, saying creditors had a right to more information and independent advice.

The creditors now claim that Abu Dhabi signed promissory notes and gave guarantees to stand behind the bank to the value of around 4.35 billion dollar.

The promissory notes were discounted in international financial markets by around

1.15 billion dollar leaving Abu Dhabi promising some 3.2 billion dollar in financial support in preparation for a global restructuring of BCCI.

Even though the restructuring never occurred, because of the closure, creditors insist Touche Ross should hold Abu Dhabi to its promissory notes to improve the compensation terms.

The least the (Abu Dhabi) government should do... is to inject the funds promised in May/June 1991... which total 4.35 billion dollar less the 1.15 billion dollar discounted notes for BCCI.

This would give total compensation of 3.2 billion dollar," says the Norton Rose report.

Two members on the British Creditors Committee are investigating the possibility of removing Touche Ross as liquidator, said Hal Skolnick, a representative for Shearson-Nett, a privately-owned company with some 37 million dollar of claims and which sits on the Creditors Committee.

Some creditors are unhappy that Touche Ross is pursuing the present compensation plan, despite the Norton Rose report.

They are ready to block the plan in the courts in Luxembourg where BCCI also operated if it is approved in the British hearing which is due to last three days.

Touche Ross has said that a collapse of the compensation plan could lead to years of costly and uncertain litigation.

Spokesmen for Touche Ross and Abu Dhabi were not immediately available for new comment on Saturday.



DOZE FOLLOWS DILLY-DALLYING: Upper House members dozing on early June 6 during a plenary session after the Diet was forced to stay in session all night due to stalling tactics by opposition members trying to delay the passage of the UN peacekeeping operation bill. The bill permits the sending of troops overseas for the first time since World War II. — AFP photo

## 'US drowning in debt'

WASHINGTON, June 7: President George Bush, promoting a constitutional amendment requiring a balanced budget, said Saturday the United States was "drowning in debt," reports Reuters.

In the latest of a flurry of speeches and events backing the amendment, Bush said it was time to stop treating the US treasury "like the corner cash machine."

"When you hear about a deficit measured in hundreds of billions of dollars, remember, that's not monopoly money," he said in a radio address to the nation.

"Someday, that debt must be paid with your money, as sure as your own personal debts will have to be paid with your money. It's unacceptable when this spending riptide has us drowning in debt, dragging us further out to sea."

Bush has spent much of the last week trying to build support for an amendment requiring the federal government to balance outlays and receipts. Amendment proposals are expected to come to a vote next week in the House of Representatives.

House speaker Thomas Foley said on Thursday the amendment was losing momentum.

But representative Charles Stenholm, a Texas Democrat, said he had enough votes to pass his amendment proposal, which would require a 60 per cent vote of all members of Congress to permit a deficit.

Currently, the federal deficit is estimated at about 350 billion dollar, which the national debt — the sum of all past deficits — is pushing four trillion dollar.

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## Sales tax in Pakistan protested

ISLAMABAD, June 7: Markets in several Pakistani cities were partially closed Saturday in protest against a tax on sales, reports reaching here said, according to AFP.

The mixed response to a strike call followed a government announcement Friday that instead of shopkeepers and traders the 12.5 per cent tax would be collected from manufacturing units.

The concession appeased some trade bodies, but others refused to call off the strike because their demand for the tax to be scrapped was not met.

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## France slates US rejection of treaty on biodiversity

PARIS, June 7: France's Environment Minister accused the United States on Saturday of blocking attempts to protect the environment by refusing to sign a treaty aimed at preserving plant and animal species, reports Reuters.

"One of the biggest nations of the world... does not have the right to apply the breaks to the enormous and fantastic undertaking of an Earth Summit," Segolene Royal told French Television FR3.

"Even if the United States does not budge, or if it continues to say it is the best while refusing to commit itself on specific issues, Europe will move forward," she added.

Almost alone at the UN Earth Summit in Rio de Janeiro, the United States had declined to sign the international treaty on biodiversity to protect plants and animals against the threat of extinction.

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## Special court set up to settle scam case Mehta, others refused bail

NEW DELHI, June 7: An Indian judge has refused bail for stock broker Harshad Mehta and nine other suspects in a billion dollar bond fraud case, press reports said Sunday, according to AFP.

They were ordered to be kept in custody until June 19 by additional metropolitan magistrate PK Naiknare who delivered the ruling late Saturday after hearing counsel argue for a marathon 11 hours, the Indian Express and other newspapers reported.

"Big bull" Mehta's attorney Krishnakant Desai, said his client was innocent and had done nothing wrong in the scam, which has shaken banks and stock markets since it came to light in April, the reports said.

Desai said Mehta had been engaged in "sophisticated and scientific" business, and accused the Central Bureau of Investigation (CBI) of gathering information with "jaundiced eyes."

Counsel argued that the stockbroker had only exploited loopholes in the law and was not responsible for the loopholes themselves.

Relatives of the 10 defendants who all pleaded not guilty chanted prayers in the packed courtroom seeking divine intervention on behalf of the bail application which the judge rejected in an order that took three hours to deliver.

The CBI, India's chief investigating agency, had called for a two-week demand of the suspects on grounds that it needed the time to carry out more investigations.

Mehta, his brother Ashwin and three of his employees, three officials of the State Bank of India (SBI) and two of the National Housing Bank have been arrested on a range of charges including cheating, forgery and falsification of accounts.

Another report from Delhi says: India's President Ramaswamy Venkataraman issued an ordinance to set up a special trial court to deal with the country's worst financial scandal, an official spokesman said.

The spokesman told Reuters the ordinance paved the way to set up a special court to try offences "relating to transactions in securities and for other related matters."

The Indian president issues an ordinance as a temporary emergency measure to set up new laws when parliament is not in session.

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## Biodiversity treaty Japan will join EC to break with USA

RIO DE JANEIRO, June 7: Japan will join Britain and the 11 other members of the European Community in breaking with the United States to sign a treaty to protect threatened species, officials said Saturday, reports AP.

That leaves the United States alone among the major economic powers in opposing the so-called biodiversity convention, one of the cornerstones of the United Nations Earth Summit.

President Bush has refused to sign the treaty, saying, "We're going to keep on this path... I must, as President, and will, as a human being, keep in mind the needs of American families to have jobs."

"With the Japanese signing, there is no excuse for the Americans not signing," said Russell Mittermeier, a biologist and President of Conservation International in Washington, DC.

The same concerns the Japanese have on the details apply to the other industrialised nations as well. If they sign, there's no question the US should be signing."

He said the biodiversity convention is more important than the summit's other principle document, the global warming treaty, "because loss of biodiversity is an irreversible process."

"We have the technologies to combat most other environmental ills, but once we

lose a species of plant or animal, it's gone forever," he said.

Japan's statement on the treaty said it was "studying articles with a view to signing the convention."

Sadaaki Numata, the delegation's spokesman, said, "In our system, we won't say we are studying certain articles and then decide later not to sign it."

The treaty must be translated into Japanese and presented to the Japanese cabinet for approval, he said. But the suggested that was merely a formality. He said Japan might complete the process in time to sign the treaty by the end of the Earth Summit on June 14th.

A spokesman for the European countries, conscious of the difficult position the United States was in, said the European Community planned to join President Bush in his 150 million proposal to help preserve tropical forests, Laurens Jan Brinkhorst said.

"We regret the isolation of the United States," Brinkhorst told a news briefing. "We don't want a slugging match of everybody against the United States."

Brinkhorst said Britain has not formally announced its intentions, but he predicted that England would sign before the summit ends. England's Prime Minister John Major met with Bush Saturday to discuss Earth Summit issues, among other things.

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